June 4-5, 2008
California Transportation Commission
Commission Retreat
Sacramento, California

Transportation Blueprint for the 21st Century

Briefing Paper Prepared by Annette Gilbertson

On June 5, 1990, voters approved measures, known collectively as the "Transportation Blueprint for the 21st Century" (Transportation Blueprint), providing $18.5 billion in additional revenues to implement a multimodal transportation program over ten years.

The Transportation Blueprint set forth a plan which carried forward much of preexisting legislative intent beyond the turn of the century, and provided policy direction, a financial plan, and a planning process for several programs and activities focused on congestion relief and interregional mobility.

The passage of ISTEA in 1990 also affected the decision process evolving in California providing direct federal funding to Metropolitan Planning Organizations, established more responsibilities for decisions at the regional level, and required a more open "bottom-up" process.

Background

In the 1980's, the magnitude and immediacy of the transportation funding crisis in California resulted in an extraordinary effort by Governor George Deukmejian and the Legislature that produced a mutually acceptable approach to increase transportation revenues so that additional transportation funding could be spent without crippling other state programs.

In June 1989 the Governor and the Legislature approved a Transportation Blueprint legislative package to reform the state transportation program to:

- focus resources on congestion relief and interregional connection,
- modify the state appropriations limit so that additional transportation revenues could be spent without crippling other state programs, and
- increase revenues

The Transportation Blueprint included a 10-year transportation funding plan; a change to the State Transportation Improvement Program (STIP) process to a 7-year biennial program rather than a 5-year annual program; and recognition that congestion is essentially a regional issue, and therefore gave the Congestion Management Agencies (CMA) a prominent role in planning for congestion relief.

$18.5 Billion in Funding

The transportation package included an increase of $18.5 billion in funding for transportation over a 10-year period (July 1990 to June 30, 2000) from the following sources:

- $13 billion from increased gasoline (SB 300) and diesel tax (AB 471)
    - 5 cents/gallon increase on August 1, 1990
    - 1 cent/gallon increase over a four year period beginning on January 1, 1991

- $2 billion from increased weighted fees on 4,000+ pound trucks (AB 471)
    - 40% increase of fees on August 1, 1990
    - 10% increase of fees on January 1995

- $0.5 billion from increased sales tax revenue resulting from fuel tax increases after December 31, 1989 (SB 300)

- $3 billion from three bond measures for passenger rail to appear before voters on June 5, 1990, November 3, 1992 and November 8, 1994 (AB 973)

The increase in fuel taxes and weight fees, as well as the 1990 rail bond would take effect only if voters approved the constitutional amendment (SCA 1) to amend the appropriations limit (Gann Limit).

Distribution of New Revenue

The $18.5 billion in new revenue, along with exiting transportation revenue, would allow the full implementation of the 10-year state transportation funding plan. The funding plan called for the following distribution of revenues over the 10-year period:

- $3.5 billion – 1988 STIP funding shortfall
- $1.25 billion – interregional roads
- $3 billion – intercity, commuter and urban rail transit
- $0.5 billion – transit operations and capital improvements
- $3 billion – flexible congestion relief
- $1 billion – maintenance and rehabilitation of state highways
- $0.15 billion – soundwall retrofit
- $0.1 billion – environmental enhancement and mitigation
- $2 billion – state-local transportation partnership
- $3 billion – subventions to cities and counties

Transportation Blueprint Ballot Measures

Proposition 108 - Passenger Rail And Clean Air Bond Act Of 1990
(Approved, June 5, 1990, Primary Election)

The measure provided for a bond issue of $1 billion to provide funds for acquisition of rights-of-way, capital expenditures, and acquisitions of rolling stock for intercity rail, commuter rail, and rail transit programs. This was the first of three bond measures to appear before voters totaling $3 billion.

Proposition 111 - The Traffic Congestion Relief And Spending Limitation Act Of 1990
(Approved, June 5, 1990, Primary Election)

The measure enacted a statewide traffic congestion relief program and updated the spending limit on state and local government to better reflect the needs of a growing California population. It provided new revenues to be used to reduce traffic congestion by building state highways, local streets and roads, and public mass transit facilities; increased truck weight fees and a five-cent-per-gallon increase in the fuel tax on August 1, 1990, and an additional one cent on January 1 of each of the next four years; and updated the state appropriations limit (Gann Limit) to allow for new funding for congestion relief, mass transit, health care, services for the elderly, and other priority state programs, while still providing an overall limit on state and local spending.

Proposition 116 – Rail Transportation Bond Act
(Approved, June 5, 1990, Primary Election)

Although not part of the Transportation Blueprint, the measure provided $1.99 billion in bond funds principally for passenger and commuter rail systems, with limited funds available for public mass transit guideways, paratransit vehicles, bicycle and ferry facilities, and railroad technology museum. The measure specified funding amounts to specified state and local entities through a grant program administered by the California Transportation Commission (Commission).

Proposition 156 - Passenger Rail and Clean Air Bond Act of 1992
(Failed, November 3, 1992, General Election)

This measure would have provided for a bond issue of the $1 billion for the second of three bond issues provided in the Transportation Blueprint for funding of acquisition of rights-of-way, capital expenditures, and acquisitions of rolling stock for intercity rail, commuter rail, and rail transit programs.

Proposition 181 - Passenger Rail and Clean Air Bond Act of 1994
(Failed, November 8, 1994, General Election)

This measure would have provided for a bond issue of the $1 billion for the third of three bond issues provided in the Transportation Blueprint for funding of acquisition of rights-of-way, capital expenditures, and acquisitions of rolling stock for intercity rail, commuter rail, and rail transit programs.

Results

The 10-year Transportation Blueprint was intended to invest about $1 billion per year in the STIP plus another $1 billion in other programs. However the Transportation Blueprint's guiding light shown only for a brief three year period from 1990 to 1992, during which the Commission adopted two STIPs containing a $1 billion-per-year program of projects.

<u>1990 STIP</u> – The 1990 Fund Estimate assumed and the 1990 STIP was developed on the assumption that the three Transportation Blueprint rail bond measures (Propositions 108 (to appear before voters in June 1990), 156 (to appear before voters in 1992) and 181 (to appear before voters in 1994)) would be approved by voters. The first of the three measures was approved by the voters in June 1990 and provided for a bond issue of $1 billion.

<u>1992 STIP</u> – The 1992 Fund Estimate assumed and the 1992 STIP was developed on the assumption that the remaining two Transportation Blueprint rail bond measures (Propositions 156 and 181) would be approved by voters. Proposition 156 failed leaving the STIP short of funding for programmed projects.

<u>1994 STIP</u> – The 1994 Fund Estimate assumed and the 1994 STIP was developed on the assumption that the third remaining Transportation Blueprint rail bond measure (Proposition 181) would be approved by voters. Proposition 181 failed leaving the STIP short of funding for programmed projects.

With a funding shortfall of at least $1.5 billion in the 1994 STIP, the Commission had to freeze new programming and warned that project delays were inevitable if additional revenues were not provided imminently.

<u>1996 STIP</u> – Because the 1994 STIP carried a substantial funding shortfall in excess of $4 billion, the Commission saw the 1996 STIP as a necessary, albeit unpleasant, opportunity to rebalance the State's seven year capital outlay program against anticipated revenue. In keeping with that objective, and in light of voter rejection of several transportation bond measures (once in 1992 (Proposition 156) and twice in 1994 (Proposition 181 and Proposition 1A)), the Commission did not presume voter approval of Proposition 192 (see below for detail). Rather, for the purposes of the 1996 STIP Fund Estimate, the Commission assumed that the $1.35 billion needed for the second phase of the seismic retrofit program, included in Proposition 192, would come from the State Highway Account (SHA). This action brought delays and/or deletion of virtually all projects remaining from the previous STIPs.

Following the 1989 Loma Prieta and 1994 Northridge earthquake, the need for retrofitting the State's highway bridges (including the seven large toll bridges) came to $4.4 billion. Both legislation and policy adopted by the Commission and Caltrans assigned a preemptive priority to the funding of the seismic retrofit program.

- To fund the initial component of the retrofit program, $900 million in funding was diverted from project components specified in the Transportation Blueprint in 1990 through 1995, crowding out STIP projects.

- In June 1994, following the Northridge earthquake, Proposition 1A was put before the voters. The measure would have provided $2 billion in bond funding for the second component of the seismic retrofit program to pay for the Northridge earthquake repairs and help fund further highway seismic retrofitting throughout California as well. The Proposition was rejected by the voters.

- In March 1996, voters approved Proposition 192 that provided $2 billion in general obligation bonds for the State's highway safety seismic retrofit program. The Proposition provided $1.35 billion needed for the second phase of seismic retrofit program and another $650 million for Toll Bridge retrofit program. Unfortunately, prior to the voters' approval, the estimate for the Toll Bridge retrofit program tripled to $2.075 billion, an increase largely attributed to the work required to retrofit the San Francisco-Oakland Bay Bridge. It was still unclear where the $1.4 billion unfunded share for the Toll Bridge retrofit program would be funded.

- SB 60 (Chapter 327, Statutes of 1997, Kopp) established a long-term financing plan for the seismic retrofit and/or replacement of seven state-owned bridges. The funding plan provided $2.5 billion, through fiscal year 2004-05, and included the expenditure of $827 million in state funds in addition to $790 million in seismic bond revenues. To minimize the impacts of this massive funding program on the SHA, SB 60 called for the expenditure of $130 million from the Transit Capital Improvement program (TCI) funded by the Transportation Planning and Development (TP&D) Account rather than the SHA.

<u>1998 STIP</u> – For the first time in six years, since the adoption of the 1992 STIP, the 1998 STIP process witnessed the programming of a substantial number of new transportation projects. Voter approval of Proposition 192, coupled with the add-on of two "outer years" for funding in Fiscal Years 2003-04 and 2004-05, allowed the 1998 STIP to program in excess of $2 billion in new commitments.

The 1998 STIP, adopted in June 1998, followed by the 1998 STIP Augmentation in 1999 and due to the enactment of the Federal Transportation Equity Act for the 21st Century, was the first STIP developed under SB 45 (Chapter 622, Statutes of 1997, Kopp) which made major changes to the process by which state and federal transportation funds are allocated to individual projects in the STIP - shortened the programming period from seven years to four years; changed from county minimums to fixed county shares; increased the amount of funds subject to programming in the STIP by consolidating existing programs; and increased the uses for which funds allocated in the STIP could be used.